

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF CALIFORNIA

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TECHNOLOGY LICENSING
CORPORATION, a California
corporation, and AV
TECHNOLOGIES LLC, an Illinois
Limited Liability Company,

Plaintiffs,

v.

THOMSON, INC., a Delaware
corporation,

Defendant.

NO. CIV. S-03-1329 WBS PAN

MEMORANDUM AND ORDER RE:
DEFENDANT'S MOTIONS FOR
PARTIAL SUMMARY JUDGMENT,
PLAINTIFFS' MOTION TO STRIKE,
DEFENDANT'S MOTION IN LIMINE
TO EXCLUDE EVIDENCE

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Plaintiffs' amended complaint alleges that defendant
infringed four patents. Four motions are presently before the
court:

- Defendant's motion for partial summary judgment of no
damages prior to the filing of plaintiff Technology
Licensing Corporation's original complaint;
- Plaintiffs' motion to strike defendant's defense of res

judicata found in defendant's May 19, 2005 answer to plaintiffs' amended complaint;

- Defendant's motion for partial summary judgment based on res judicata;
- Defendant's motion to limit plaintiffs' direct infringement evidence to products containing certain integrated circuits and to eliminate reference to infringement under the doctrine of equivalents.

I. Factual and Procedural Background

The four patents alleged to be infringed were issued to J. Carl Cooper, who assigned his rights under those patents to plaintiff Technology Licensing Corporation ("TLC"). (Am. Compl.) The infringement claims regarding two of those patents were stayed by court order on September 20, 2004. The claims regarding patents 4,573,070 ("the '070 patent") and 5,459,524 ("the '524 patent") have not been stayed.

Subsequent to the filing of this suit, TLC assigned its rights in the '070 patent to AV Technologies LLC ("AVT"). Plaintiff TLC filed an unopposed motion to amend its complaint to substitute AVT as a plaintiff to allow AVT to pursue its rights under the '070 patent. The court granted that motion by an order entered May 6, 2005. Plaintiffs subsequently submitted an amended complaint. Defendant filed an answer to plaintiffs' amended complaint in which defendant claimed that it has a res judicata defense based on another case dismissed with prejudice from the Southern District of Indiana in May 2004. (Answer to Am. Compl. ¶¶ 59-63). This res judicata defense was not in the answer to the original complaint.

1 II. Discussion

2 A. Defendant's Motion for Partial Summary Judgment Due
3 to Lack of Notice of Possible Infringement

4 35 U.S.C. § 287(a)¹ ("§ 287(a)") provides that a
5 patentee may recover damages in an action for infringement only
6 after the date that the alleged infringer received actual notice
7 or constructive notice of the patent. The patentee in an
8 infringement case has the burden of "pleading and proving at
9 trial that [patentee] complied with the statutory requirements
10 [of § 287(a)]." Maxwell v. Baker, 86 F.3d 1098, 1111 (Fed. Cir.
11 1996). Defendant contends that it did not receive notice, actual
12 or constructive, of the existence of plaintiffs' patents on the
13 devices allegedly infringed before plaintiff TLC originally filed
14 suit on June 20, 2003. Defendant further contends that
15 plaintiffs did not plead notice.

16 Plaintiff TLC did not adequately plead that defendant
17 had notice prior to the filing of the original complaint.
18 Paragraph 12 of the original TLC complaint reads:

19 Thomson, on information and belief, manufactures, uses, and
20 sells products with demodulation capabilities for recovering
21 information content from a modulated signal, including, but
not limited to, the Thomson Grass Valley 8960 DEC. On

22 ¹ Patentees, and persons making, offering for sale, or
23 selling within the United States any patented article
24 for or under them . . . may give notice to the public
25 [by marking the article]. In the event of failure so
26 to mark, no damages shall be recovered by the patentee
27 in any action for infringement, except on proof that
the infringer was notified of the infringement and
continued to infringe thereafter, in which even damages
may be recovered only for infringement occurring after
such notice. Filing of an action for infringement
shall constitute such notice.

28 35 U.S.C. § 287(a).

1 information and belief, Thomson has in the past infringed,
2 and continues to infringe directly, by inducement, and/or by
3 contributing to the infringement of one or more claims of
4 the '524 patent, including, but not limited to, claims 11,
5 27, and 41 by manufacturing, using, and selling such
6 products.

7 There is a similar paragraph alleging infringement of the '070
8 patent. (Compl. ¶ 13). These paragraphs do not plead that TLC
9 had previously provided defendant actual or constructive notice
10 of infringement. Cf. Sentry Prot. Prods., Inc. v. Eagle Mfg.
11 Co., 400 F.3d 910, 918 (Fed. Cir. 2005) (holding that plaintiff's
12 pleading that defendant's infringements were "willful and with
13 full knowledge" of plaintiff's patents sufficiently pleaded that
14 defendants had notice).

15 Plaintiffs argue that TLC, by pleading that defendant
16 induced others to infringe, implicitly alleged that defendant had
17 notice of the '070 and '524 patents and its infringement thereof.
18 To prove inducement,

19 [i]t must be established that the defendant possessed
20 specific intent to encourage another's infringement and not
21 merely that the defendant had knowledge of the acts alleged
22 to constitute inducement. The plaintiff has the burden of
23 showing that the alleged infringer's actions induced
24 infringing acts and that he knew or should have known his
25 actions would induce actual infringements.

26 Manville Sales Corp. v. Paramount Sys., Inc., 917 F.2d 544, 553
27 (Fed. Cir. 1990) (emphasis in original). Plaintiffs do not cite a
28 single case holding that pleading inducement is sufficient to
plead notice. Further, it is not defendant's knowledge that is
the relevant inquiry under § 287(a). Rather, it is the
patentee's action of notifying the defendant that is the relevant
inquiry. Amsted Indus., Inc. v. Buckeye Steel Castings Co., 24
F.3d 178, 187 (Fed. Cir. 1994) ("It is irrelevant . . . whether

1 the defendant knew of the patent or knew of his own infringement.
2 The correct approach to determining notice under section 287 must
3 focus on the action of the patentee, not the knowledge or
4 understanding of the infringer.”). Plaintiff TLC’s claim of
5 inducement does not make any affirmative statement that plaintiff
6 notified defendant, either constructively or actually, of any
7 infringement.

8 Plaintiffs also argue that defendant’s pleading of an
9 equitable estoppel defense is sufficient to meet plaintiffs’
10 burden under Maxwell to plead notice. The language quoted in the
11 prior paragraph from Amsted, indicating that what must be pleaded
12 is patentee’s actions and not defendant’s knowledge, is also
13 enough to defeat this argument. See 24 F.3d at 187.²

14 Since the pleading itself could serve as notice under §
15 287, the alleged infringer should be entitled to rely on
16 plaintiff’s implicit assertion that the pleading is notice in the
17 absence of any allegations to the contrary. The requirement that
18 patentee plead notice effectively serves to put the alleged
19 infringer on notice as to the scope of the litigation and the
20 extent of the damages alleged. If plaintiff TLC had pleaded that
21 defendant had notice as of a certain date, or even if TLC had
22 pleaded that defendant had notice at an unspecified date prior to

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24 ² Plaintiffs also contend that a document it submitted on
25 June 8, 2005 entitled “Plaintiffs’ Response to Thomson, Inc.’s
26 First Amended Answer and Counterclaim” effectively pleads that
Thomson had actual notice prior to the filing of the original
complaint.

27 This document is evidence that plaintiffs know they did
not effectively plead notice prior to the original complaint.
28 There is no amended counterclaim from Thomson in the record.
Thomson’s answer to plaintiffs’ amended complaint, which does not
contain any counterclaims, was filed on May 19, 2005.

1 the complaint, defendant could have conducted discovery to test
2 the truth of plaintiff TLC's allegations.

3 Defendant would be prejudiced if plaintiffs were
4 allowed to proceed in seeking damages prior to the filing of the
5 original complaint. Defendant's counsel has represented to the
6 court that, in reliance on plaintiffs' failure to plead notice,
7 he conducted no discovery on the issue of when notice occurred.
8 (See Redano Decl. in Supp. of Def.'s Reply in Supp. of Mot. for
9 Partial Summ. J. of No Damages Prior to the Filing of Pls.'
10 Original Compl. ¶¶ 4, 7). To allow plaintiffs to seek damages
11 now for infringement prior to the filing of the original
12 complaint would necessitate either reopening discovery or
13 permitting plaintiffs to conduct a trial by ambush.³ Neither is
14 acceptable.

15 Thus, the court limits damages to those arising after
16 the original complaint was filed on June 20, 2003. Plaintiffs
17 concede that the '070 patent expired on February 25, 2003.
18 (Pls.' Response to Def.'s Statement of Undisputed Facts in Supp.
19 of Mot. for Partial Summ. J. of No Damages Prior to the Filing of
20 Pls.' Original Compl. ¶ 8). Therefore, this order effectively
21 precludes plaintiffs from recovering any damages for infringement
22 of the '070 patent.

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26 ³ To the extent that plaintiffs' opposition to this
27 motion moves for leave to amend the complaint, such motion is
28 denied. Plaintiffs have not shown good cause for amending their
complaint. See Fed. R. Civ. P. 16(b); Johnson v. Mammoth
Recreations, Inc., 975 F.2d 604 (9th Cir. 1992).

1 B. Defendant's Motion for Partial Summary Judgment on
2 Res Judicata Grounds and Plaintiffs' Motion to Strike

3 Defendant's motion for partial summary judgment of no
4 infringement of the '070 patent on the grounds of res judicata is
5 moot since, due to this order, plaintiffs can recover no damages
6 for infringement of the '070 patent. Also moot is plaintiffs'
7 motion to strike defendant's res judicata defense.

8 C. Defendant's Motion to Exclude Certain Evidence

9 Defendant moves pursuant to Federal Rule of Civil
10 Procedure 37(c)(1) for an order sanctioning plaintiffs for their
11 failure to respond appropriately to discovery requests.
12 Defendant seeks an order excluding any evidence offered by
13 plaintiffs to support direct infringement by products not
14 containing either defendant's TMC22x5y integrated circuit or
15 defendant's TVP 5000 family of integrated circuits. Defendant
16 also seeks an order excluding any evidence of infringement under
17 the doctrine of equivalents.

18 Following the parties' arguments is like following a
19 tennis match. Defendant argues that it cannot adequately defend
20 itself on claims of infringement where it does not know either
21 the specific products that plaintiffs, at trial, will allege
22 infringe plaintiffs' patents, or the specific patent claims that
23 plaintiffs allege those products infringe. Defendant's
24 interrogatory number one requested, "[f]or each product made,
25 used, sold, or offered for sale by Thomson which TLC contends
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1 literally infringes any claim of the '547 Patent [sic],⁴ provide
2 a claim chart which reads each allegedly infringed claim on each
3 allegedly infringing Thomson product on a limitation by
4 limitation basis." (Maze Decl. in Supp. of Def.'s Mot. to Limit
5 Pls.' Evidence of Direct Infringement Ex. E (TLC's Response to
6 Thomson's First Set of Interrog.) at 3). It is undisputed that
7 plaintiffs never provided a claim chart for any product other
8 than the Thomson Grass Valley 8960 DEC, which contains the
9 TMC22x5y integrated circuit. (See id. at 3-6). However,
10 plaintiffs contend the reason they did not provide the requested
11 claim chart was that Thomson had not complied with TLC's
12 discovery request that Thomson provide "identification of the
13 integrated circuits found within" a whole host of defendant's
14 products. (See Pls.' Opp'n to Def.'s Mot. to Limit Pls.'
15 Evidence of Direct Infringement Ex. D at 2-3 (First Supplemental
16 Response to Thomson's Interrogatory No. 1). Thomson, in turn,
17 contends that it did not identify the integrated circuits found
18 within that set of products identified by TLC because "each TLC
19 interrogatory as applied to each separate product constitutes a
20 separate interrogatory" and therefore the number of
21 interrogatories propounded by TLC constituted more than 25. (See
22 id. Ex. K (May 6, 2005 letter from Thomson counsel to TLC
23 counsel)); see also Fed. R. Civ. P 33(a) (limiting number of
24 interrogatories).

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27 ⁴ TLC interpreted this to mean the '524 patent. (Maze
28 Decl. in Supp. of Def.'s Mot. to Limit Pls.' Evidence of Direct
Infringement Ex. E (TLC's response to to Thomson's First Set of
Interrog.) at 3)

1 Rule 37(c)(1)⁵ prohibits the introduction of evidence
2 that should have been disclosed and was not disclosed pursuant to
3 Rule 26(e)(2)⁶ if the failure to disclose was not harmless and
4 was not substantially justified. There is no question that the
5 only claim chart plaintiffs produced concerned defendant's
6 TMC22x5y integrated circuit. The question is whether plaintiffs
7 were substantially justified in not providing claim charts for
8 other products of defendant that plaintiffs allege infringe. The
9 court finds they were not.

10 First, the court notes the impact that denial of
11 defendant's motion would have on the trial. Plaintiffs' amended
12 complaint states that

13 Thomson, on information and belief, manufactures, uses, and
14 sells products with demodulation capabilities for recovering
15 information content from a modulated signal, including, but
16 not limited to the Thomson Grass Valley 8960 DEC. On
17 information and belief, Thomson has in the past infringed,
18 and continues to infringe directly, by inducement, and/or by
19 contributing to the infringement of one or more claims of
20 the '524 patent, including, but not limited to claims 11,
21 27, and 41 by manufacturing, using and selling such
22 products.

19 ⁵ A party that without substantial justification fails to
20 disclose information required by Rule 26(a) or
21 26(e)(1), or to amend a prior response to discovery as
22 required by Rule 26(e)(2), is not, unless such failure
23 is harmless, permitted to use as evidence at a trial,
24 at a hearing, or on a motion any witness or information
25 not so disclosed. . . .
26 Fed. R. Civ. P. 37(c)(1).

24 ⁶ A party is under a duty seasonably to amend a prior
25 response to an interrogatory, request for production,
26 or request for admission if the party learns that the
27 response is in some material respect incomplete or
28 incorrect and if the additional or corrective
information has not otherwise been made known to the
other parties during the discovery process. . . .
Fed. R. Civ. P. 26(e)(2).

(Am. Compl. ¶ 13) (emphasis added). Plaintiffs' complaint is extremely broad. If defendant were not permitted to narrow plaintiffs' allegations through the discovery process, plaintiffs could surprise defendant at trial by choosing to focus on claims and products that defendant had no way of anticipating were at issue. Such a result would be against the intent of the Federal Rules. See Hickman v. Taylor, 329 U.S. 495, 507 (1947) ("Mutual knowledge of all the relevant facts gathered by both parties is essential to proper litigation."); United States v. Procter & Gamble Co., 356 U.S. 677, 682 (1958) (rules of discovery make "a trial less a game of blind man's buff [sic] and more a fair contest with the basic issues and facts disclosed to the fullest practicable extent").

Defendant's interrogatories requesting claim charts went to the very heart of this matter. Which of defendant's products are alleged to infringe, and what patent claims are those products alleged to infringe? If defendant cannot know this information before trial, then the Federal Rules have failed in their objectives. See Hickman, 329 U.S. at 507; Procter & Gamble, 356 U.S. at 682.

Plaintiff TLC was ordered by Magistrate Judge Nowinski to "supplement all discovery responses," including its response to Thomson's interrogatories seeking claim charts, "in strict conformity with the Federal Rules of Civil Procedure." (June 29, 2004 Order at 2). TLC was further cautioned that, to comply with the order, its "supplementation must be complete, so that no objections shall limit its responses except for attorney client and work product privileges." To this date, plaintiffs have not

1 produced the claim charts they were ordered to produce for any
2 product other than the TMC22x5y integrated circuit.

3 Plaintiffs contend that defendant did not identify the
4 circuits contained in some of defendant's devices, and that
5 therefore plaintiffs' failure to perform their discovery
6 obligations is excused. This issue could have and should have
7 been raised to the magistrate judge in a motion to compel. A
8 party may object to answering interrogatories. Fed. R. Civ. P.
9 33(b)(1). If a party does so, as defendant did in this case, it
10 becomes the opposing party's duty to seek a motion to compel.
11 See Fed. R. Civ. P. 37(a). Plaintiffs in this case, after
12 receiving Thomson's objections to the interrogatories, chose not
13 to seek such an order, but instead now elect to use defendant's
14 alleged wrongful withholding of information to justify their
15 conduct of a trial by ambush. In other words, plaintiffs seek a
16 much greater benefit from defendant's alleged failure to provide
17 discovery than an order compelling defendant to produce the
18 information would have provided.

19 To conclude, plaintiff TLC was ordered by the
20 magistrate judge to provide a claim chart to Thomson listing the
21 specific products alleged to infringe and the patent claims that
22 those products allegedly infringed. TLC only answered that
23 interrogatory with a claim chart alleging infringement by the
24 TMC22x5y integrated circuit. Therefore, defendant's motion to
25 limit plaintiffs' evidence at trial to evidence of infringement
26 by the TMC22x5y integrated circuit and by the TVP 5000 family of
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1 integrated circuits will be granted.⁷

2 The next issue is whether plaintiffs may introduce
3 evidence of infringement under the doctrine of equivalents.
4 Plaintiffs have disclosed to defendant that they are not relying
5 on the doctrine of equivalents, and have not amended that
6 disclosure. (Maze Decl. in Supp. of Def.'s Mot. to Limit Pls.'
7 Evidence of Direct Infringement Ex. E (TLC Response to Thomson's
8 First Set of Interrogatories) at 7 ("TLC is not relying on the
9 Doctrine of Equivalents in its infringement analysis."). The
10 court holds plaintiffs to their word, and grants defendant's
11 motion in limine to exclude evidence of infringement under the
12 doctrine of equivalents.

13 IT IS THEREFORE ORDERED that:

14 (1) defendant's motion to limit infringement damages to
15 those accruing after June 20, 2003 be, and the same hereby is,
16 GRANTED;

17 (2) plaintiffs' motion to strike defendant's res
18 judicata defense as to the '070 patent be, and the same hereby
19 is, DENIED as MOOT;

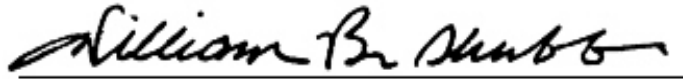
20 (3) defendant's motion for partial summary judgment on
21 the grounds of res judicata as to the '070 patent be, and the
22 same hereby is, DENIED as MOOT;

23 ⁷ Defendant does not argue that plaintiffs may not
24 present evidence regarding infringement by defendant's products
25 containing the TVP5000 family of integrated circuits. The nature
26 of plaintiffs' allegations regarding the TVP5000 family of
27 integrated circuits was apparently made clear to defendant by the
28 Supplemental Expert Report of J. Carl Cooper. (See Maze Decl. in
Supp. of Def.'s Mot. to Limit Pls.' Evidence of Direct
Infringement Ex. L (Cooper expert report) at 2) (stating opinion
regarding infringement by TVP5000 family of integrated circuits
of the '070 and '524 patents).

1 (4) defendant's motion to limit plaintiffs'
2 presentation of evidence of infringement to allegedly infringing
3 products containing either the TMC22x5y integrated circuit or the
4 TVP 5000 family of integrated circuits be, and the same hereby
5 is, GRANTED;

6 (5) defendant's motion to exclude plaintiffs'
7 presentation of evidence regarding infringement under the
8 doctrine of equivalents be, and the same hereby is, GRANTED.

9 DATED: June 30, 2005

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12 WILLIAM B. SHUBB
13 UNITED STATES DISTRICT JUDGE
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